

California Travel Research Bulletin

January 2007

California Hotel Occupancy and Room Rates (December 2006) – December statewide occupancy again dipped below 2005 levels, as for most of the second half of 2006, for an overall year-to-date average at 0.9% over the prior year. RevPAR for the year was 9.3% above 2005. **Included as [attachment](#).**

Source: Smith Travel Research, CA Lodging Industry Performance, January 2007.

U.S. Lodging Revenue Grows, Rate Slows - Pricewaterhouse Coopers and Smith Travel Research have both projected that 2007 revenue per available room, will rise by 5.87% this year compared with 7.4% last year and 8.5% in 2005.

- Revenue at U.S. hotels will keep increasing this year, but at a slower rate than in the past couple of years as demand begins to fall behind the supply of new hotel rooms.
- Bjorn Hanson, an analyst with PricewaterhouseCoopers LLP, forecast growth in both hotel supply and demand will increase 1.6 percent this year, while occupancy will be slightly lower. He also forecast aggregate profit at U.S. hotels will rise 8.5 percent this year to \$27.4 billion, compared with an increase of 11.6 percent last year and a 35.6 percent jump in 2005.
- For every 10 percent increase in gas prices, lodging demand falls 0.41 percent, Hanson estimated.

Source: Reuters, 1/22/07, reporting on the 2007 Hotel Investment Conference, Los Angeles.

International Arrivals at California Ports of Entry (November 2006) – Although November is typically not a strong month for international arrivals, Germany was up for the first time since April, and gains from several of California's secondary European markets were encouraging: Netherlands +7.8%, Ireland +30.7%, Italy and Austria, up 6.3% and 2.1% respectively. **Included as [attachment](#).**

Source: CIC Research Inc., DHS, January 2007

International Arrivals to U.S. Up in October - 3.6 million international visitors traveled to the United States, an increase of eight percent over October 2005. Visitation was also up five percent for the first ten months of the year (year-to-date) compared to the same period in 2005. International visitors also spent over \$9.0 billion (receipts and passenger fares), which was up four percent.

To view the monthly arrival data tables (regional, country and US ports):
<http://www.tinet.ita.doc.gov/view/m-2006-l-001/index.html>

Source: OTTI, January 2007

Another Record Year for World Tourism - With 842 million arrivals and a 4.5% growth rate, 2006 exceeded expectations as the tourism sector continued to enjoy above average results, making it a new record year for the industry. The latest UNWTO World Tourism Barometer figures suggest that 2007 will consolidate this performance and turn into the fourth year of sustained growth. **Included as [attachment](#).**

Forecast 2007:

- The increase in international tourist arrivals is projected to be around 4%, much in line with the forecast long-term annual growth rate of 4.1% through 2020.

- As a whole, the global economy is expected to maintain last year's growth level. Oil prices have shown a tendency to remain less volatile and do not pose the risk to economic stability they did a year ago.

Source: World Tourism Organization, 1/29/07, <http://www.unwto.org/>

China – The United Nations World Tourism Organization (UNWTO) has projected that China is poised to surpass Spain as the world's second most popular destination after France. China has also consolidated its status as Asia's largest outbound tourism market, with its Ministry of Public Security confirming 34.5 million Chinese traveled overseas, an 11 percent rise in 2006.

Source: eTN Asia, 1/30/07